

# AgTalk

Newsletter for the Leduc District Office

Find out how we can help you, your business and your organization!

Alberta Agriculture Food and Rural Development ♦ Agriculture Financial Services Corporation ♦ Alberta Pulse Growers Commission ♦ Alberta Reduced Tillage Initiative

4301 - 50 Street  
Leduc AB T9E 7H3

Serving the Counties of Leduc, Strathcona, and Wetaskiwin, the M.D. of Brazeau and Beyond!

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## Alberta Agriculture Food and Rural Development

Phone: 986-8985 (Toll-free 310-0000)  
Fax: 986-1085

**Leanne Chubocha...Client Service Rep**  
**Cindy Bishop...Rural Development Specialist**  
**-Organizations**  
**George Rock...Farm Management Specialist**



## Transforming Rural Leadership for The 21<sup>st</sup> Century

Cindy Bishop

Rural Development Specialist - Organizations, Leduc

Sustaining economic development for survival is the most important major issue facing agriculture and community leaders in Alberta over the next ten years, according to a unique Alberta Research Project.

Allocating time to lead is the biggest barrier to successfully addressing major issues.

These are some of the results of 2 years of research conducted for Alberta Leadership Education for Agriculture Development (LEAD). Alberta LEAD is made up of representatives from Alberta Agriculture, Food and Rural Development, the University of Alberta Faculty of Extension and Rural Education and Development Association (REDA). The results were released at the *Leadership 2000* conference held in Calgary last October.

After sustaining economic development, the next two issues were:

(continued pg 2)



- Influencing political processes and government decisions affecting agriculture industry and rural communities; and
- Maintaining quality of life, services and the sustenance of the rural community. After allocating time to lead, the biggest barriers were:
  - Marketing knowledge needs in the global context; and,
  - Rural population's struggle against changes reshaping rural communities.

Are leaders in the agriculture industry and Alberta rural communities interested in developing their leadership skills? Over 80% of the survey respondents agreed that the development of leadership capacity for collective (group) decision making and collective (group) action is required if the agriculture industry and rural communities are to meet future needs. Respondents also agreed that external forces - globalization, trade agreements, etc., are forcing change in behavior in the agriculture industry and rural communities.

What then is needed in the area of leadership development?

Leadership behaviors thought to be very important for success are those that will transform or change the agriculture industry and rural communities. These can be grouped together under the heading **transformational leadership**.

Here are 5 examples of transformational leadership behavior leaders:

1. Establish communication networks
2. Inspire a shared vision of the future
3. Constantly learn
4. Show openness to new ideas
5. Are willing to identify and address new problems.

Transformational leadership involves change, shifting your paradigms, identifying problems, working together to make decisions, and collectively taking action. Doing any of these can be a challenge whether to an industry, a community or an individual.

For a copy of the research abstract, recommendations or full report contact Cindy Bishop, Rural Development Specialist-Organizations at Leduc District Office.

## What's A Fair Crop Rent?

George Rock  
Farm Management Specialist, Leduc

At this time of year, both tenants and landlords are asking, "what should I pay (charge) for cash rent?" Using past rent rates is usually a good guide, but this year a number of things have changed. The "Crow" rate is gone, fertilizer prices have gone up, grains such as wheat and barley have gone down, while canola and peas current prices are \$1.50/bu below normal. My figures show a rate on black soil of between \$30 and \$35 per acre as reflecting potential cash rent for **productive** value but not necessarily **market** value.

The table on page 7 shows one way of arriving at productive value. Consider a four-year rotation of wheat, canola, barley and peas. The yields used are average values for Census District #11 (counties of Leduc, Wetaskiwin, Parkland, Strathcona, MD's of Brazeau & Sturgeon), 43.3, 26.3, 63, and 40 bushels respectively. The price for wheat is an average of 1 year of #1CWRS, 1 year Canada Feed and 2 years of #3 CWRS. Canola price is based on fall 1998 futures. Barley price is half feed and half malting. The pea price is educated guess for fall delivery. The wheat and barley prices are based on the Canadian Wheat Board Pool Return Outlook (Dec. 97) for 1997/98. The direct expenses are based on data from our Production Economics section. Full cost of machinery depreciation is estimated at \$32.10 per acre (not capital cost allowance as allowed for income tax purposes). For this work I estimated that the land being rented was "extra" to the operation and have allowed \$20 per acre for depreciation.

If cash rent was \$35 per acre, then returns to investment would be \$30.25, \$53.45, \$34.51 and \$51.22 per acre for wheat, canola, barley and peas respectively. A blend of these four crops would return an average of **\$41.72 per acre** (line E). A standard 2/3 to tenant and 1/3 for landlord would return the tenant \$25.24 per acre and the landlord \$36.19 (line E).

Risk factors include price, production and financial. What are the chances of not receiving the projected price, or the expected yield plus financial vulnerability. Under this situation the landlord would receive \$42.40 and if the tenant was tolerant of the



risk he/she could afford to pay up to that amount for rent. But, most farmers would discount what they would pay by some factor as cash rent means the tenant carries all of the price, production and additional financial risk. These discounts are shown as 30%, 25% and 20% Then cropland rent would be \$29.83, \$31.96 and \$34.09 per acre respectively. Individuals will differ, ie. Some farmers may have a full line of machinery, cash for inputs and enough extra labor available to use the 20% factor. Another farmer may need extra machinery, need to borrow operating money to buy fertilizer and seed and might use the 30% risk factor. Finally, the competitive demand for land will determine the actual market price.

For more information about crop rental rates for 1998 please contact me in Leduc at 986-8985. Good luck with upcoming crop season!  
(See Attachment -page 7)

### *Ellerslie Beef Cow Research Project*

Brian Koberstein, Beef Specialist, Wetaskiwin

Cow-calf production has been a very small percentage of overall beef production research. The majority of research done in support of the beef industry has been focused on the feeding sector. Great advances have been made as a result.

The cow-calf sector of the industry has been faced with many challenges over the same period of time with a much lower level of support in terms of production related research. The past twenty years have shown a continuing rise in input costs while the price of calves have not kept pace. This has meant that cow-calf producers have had to respond with finding production enhancing or cost saving ways to raise calves. Or, in other words, we have been forced to find ways to improve our production efficiency to stay in business. Cost of production surveys conducted over the past ten years generally show very tight profit margins and extremely boring returns to investment.

Cow-calf producers are now in a position that is very challenging. Competition is fierce and input costs are rising. Feeding the cow through the

dormant season represents the highest single variable cost in producing a calf. That figure averages around 45% of the total variable costs.

The Ellerslie Beef Cow Research project was instigated by a desire to find ways to reduce the overall cost of producing calves to increase profit margins and returns to investment. We began this project by focusing on this section of the feed costs. Our initial goal was to compare winter feeding strategies and the types of cows being fed.

During the first year, twenty-four producers from across Alberta contributed 200 cows to be fed at Ellerslie. These cows were fed in 50 groups of 4. The cows were sorted by biological type (British, British X Continental, and Continental), body condition (Fat, Moderate, and Thin) and body weight.

The goal was to have all cows in a moderate body condition at the end of the trial (March 2<sup>nd</sup>). In other words, the thin cows were fed to gain, the Fat to lose and the Moderate to hold condition.

The preliminary trial results are shown in Table 1. These results have not yet been validated but certainly create a great deal of interesting discussion. Table 2 is a summary of the physical changes in the cows over the test period. Table 3 is an illustration of body weight variation effects. We are currently analyzing all the data to prepare our summary and will be publishing a paper upon completion.

As coordinator for this project, I have been joined on the research team by all the Beef Specialists in the Barrhead region and Dr. Gary Mathison from the University of Alberta to help guide these research activities.

**Preliminary Trial Results (Table 1)**  
Not Validated

CATEGORY	3 of Feed/ 1000 lbs of Cow/ day	Feed Cost Index	lbs. of Calf Required /1000 lb Cow	Avg. Daily Feed Intake/1000 lbs	
				Silage (lbs)	Straw (lbs)
THIN	0.513	116	25	30.3	7.9
MODERATE	0.441	100	12	25.4	7.0
FAT	0.372	84	0	21.5	6.0
BRITISH	0.407	90	0	23.5	6.5
BR X CN	0.453	100	8	26.5	6.8
CONTINENTAL	0.476	105	12	27.9	7.4



### Preliminary Trial Results (Table 2)

Not validated

	Hip Hgt. (cm)	Condition Score (Cdn)			Body Weight (lbs)			Gain lbs/day	Backfat (mm)		
		Start	Fin.	Chg.	Start	Fin.	Chg.		Start	Fin.	Chg.
Thin	134.5	2.4	2.8	0.4	1241	1399	118	1.02	2.5	2.9	0.4
Med.	136.1	3.0	2.9	-0.1	1337	1423	86	0.71	3.6	4.2	0.6
Fat	132.9	3.6	3.4	-0.2	1340	1413	73	0.60	8.4	8.5	0.1
BR	130.5	3.3	3.3	0	1239	1320	81	0.68	6.2	7.4	1.2
BR x CN	134.2	2.9	3.0	0.1	1270	1354	84	0.75	4.6	4.7	0.1
CON	138.1	2.9	2.9	0	1363	1470	107	0.90	3.5	3.5	0

### Preliminary Trial Results (Table 3)

Not validated

Weight Range	# of Fems	Daily Feed Cost \$ / 1000 lbs	Daily Feed Cost Index / 1000 lbs	Daily Feed Cost \$ / Animal	Daily Feed Cost Index / Animal	Extra lbs of Calf Required / Cow
< 1000	3	0.68	111	0.52	63	-54
1000 - 1100	3	0.62	102	0.65	79	-30
1101 - 1200	7	0.54	89	0.62	76	-36
1201 - 1300	11	0.58	95	0.73	89	-16
1301 - 1400	12	0.61	100	0.82	100	0
1401 - 1500	10	0.62	102	0.90	110	14
1501 - 1600	6	0.61	100	0.95	116	23
> 1600	2	0.64	105	1.05	128	41

### Agriculture Financial Services Corporation

This office covers the County of Leduc, part of the County of Strathcona, part of the County of Wetaskiwin and part of the M.D. of Brazeau up to Drayton Valley. If you would like additional information on any of our services, please call the office or feel free to stop in.



Insurance Division

Phone: 986-4088

Fax: 986-1085

A thank you to all of our policyholders and new clients for making our April 30<sup>th</sup> deadline run smoothly. The early spring has helped to create optimism for the season ahead.

\*Congratulations to RON KOZIAL from Calmar who has won our Harvest Supper contest. The

AFSC staff will deliver supper to the field during harvest for Ron and his harvest crew!

Remember to report your seeded acres as soon as you have completed seeding.

If you missed the April 30<sup>th</sup> deadline for applying for All Risk Crop Insurance, you can still purchase Straight Hail Insurance at any time. Most rates across our area have dropped 1 - 2% from last year. Feel free to give us a call for a quote on your crop.

Wishing you all bumper crops and no hail for 1998!

**Val Hensch...Insurance**  
**Carol Ohrn and Karen Brenneis**  
*...Insurance and Lending*

Lending Division

**Bill Tchir...Loans Officer**

Phone: 986-0999

Fax: 986-1085

### FARM INCOME DISASTER PROGRAM 1997 (FIDP)

**Application Deadline : July 31, 1998**

FIDP is one component of a package of agriculture safety net programs available to Alberta farmers. It was first introduced for the 1995 tax year and is administered by Agriculture Financial Services Corporation (AFSC).

FIDP is a whole farm program, which means all agricultural commodities are eligible. It is designed to work closely with income tax and the information you will be calculating for your tax forms will also be used to apply under this program.

If your current program (1997) margins falls below 70% of the average of your three previous years' program margins (known as the reference margin), you may be eligible for a FIDP payment.

There is no premium cost to the farmer for FIDP. However, there is a \$50.00 application fee, which must accompany any claim.

If you think that you may be eligible for a claim, pick up an application form for FIDP at our office in Leduc. For further information, call 1-800-851-5070.



## Alberta Reduced Tillage Initiative

**Mark Olson...Agronomist**

Phone: 980-4898

Fax: 986-1085

Cell: 940-8625



### *Blowing In The Wind*

*by Mark Olson, Alberta Reduced Tillage Initiative, Leduc*

We've all seen it in our area - blowing soil, miniature tornadoes, blacken snow drifts, eroded summerfallow fields. Is it of importance? It is if we are to farm these soils for generations to come. As Dr. Dwayne Lindwall has written "Soil Conservation is Everybody's Business" - here's his view on it.

It's often difficult to appreciate the seriousness of our soil degradation problems when we continue to produce at record levels with little evidence of declining productivity. But, soil degradation is believed to be agriculture's most serious problem.

On the prairies, it's estimated that the average soil loss on cultivated land amounts to five or six tonnes per acre per year. If we lost this much soil from every cultivated acre, it wouldn't be so serious. Unfortunately, it's the soil losses from millions of acres of the most susceptible land that disproportionately adds to the problem.

To put this situation into perspective, for every bushel of grain we produce on the prairies, we are losing about three bushels of soil. Soil is a limited resource. We have only four to eight inches of productive top soil. Replacing the loss takes centuries—about 100 years for every inch. Obviously we cannot afford to lose even a fraction of an inch of topsoil without having long term consequences on productivity.

And don't be fooled into thinking the soil one farmer loses appears on a neighbor's field. Studies have show at least 70 per cent of the soil that leaves agricultural land does not end up on agricultural land. Most of it finds its way to ditches, fence lines, shelter belts, and other non-agricultural areas. The most productive part of the topsoil is often suspended in the air and may travel

hundreds or even thousands of miles before it comes back to earth. The heavier coarser particles of sand, silt and clay that are left behind in the ditches aren't nearly as valuable as the soil particles and organic matter that disappear.

It's estimated that the total cost due to soil degradation from lost production amounts to \$1.3 billion annually. This devastating loss doesn't include costs beyond the farm gate. The increased sedimentation of water bodies and pollution by pesticides and fertilizer that have moved from farmland have seriously decreased water quality.

So what are the solutions? Increasing producer awareness and public awareness is at the top of the list. Add in more and more research for new technologies. Specific practices to reduce soil degradation such as minimizing summerfallow, using direct seeding and minimum tillage systems and animal and green manures must become common with producers.

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## Alberta Pulse Growers Commission

**Janette McDonald Adam...General Manager**

**Maria Schumacher...Secretary-Treasurer**

Phone/Fax: 986-9398

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### Other AAFRD Specialists Serving You!

To connect toll-free call 310-0000.

#### **Agricultural Engineering...**

Bob Buchanan, Barrhead - 674-8252

Wayne Winchell, Barrhead - 674-8254

#### **Beef...**

John Van Keulen, Drayton Valley - 542-5368

#### **Forages...**

Allan Macaulay, Barrhead - 674-8213

Fred Young, Evansburg - 727-3673

#### **Marketing...**

Ken Bunnage, Lamont - 895-2219

Doug Walkey, Lacombe - 782-3301

#### **Problem Wildlife...**

David Brennan, Barrhead - 674-8304

#### **Pulses and Special Crops...**

Randy Bjorklund, Lamont - 895-2219

Neil Miller, Lacombe - 782-3301

#### **Rural Development, Business...**

Sharon Homeniuk, Stony Plain - 963-6101

Janice McGregor, Morinville - 939-4351



## **FEATURE SPECIALIST**

### **...Farm Management**

**'an economic & financial resource for your farm business'**

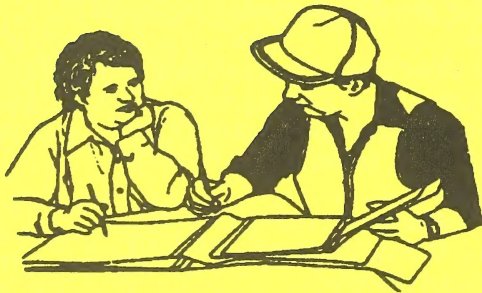
Ask your Farm Management Specialist about:

- ♦ Transferring the farm to the next generation
- ♦ Setting up business arrangements:
  - leases
  - joint ventures
  - corporations
  - custom work
  - partnerships
- ♦ Farm tax planning
- ♦ Accounting systems
- ♦ Analyzing your financial situation:
  - equity
  - profitability
  - cash flow
- ♦ Calculating production costs
- ♦ Budgeting
- ♦ Managing information, computer software
- ♦ Labour management

**YOUR FARM MANAGEMENT SPECIALIST IS:**

**George Rock**

**Located in the Leduc District Office  
986-8985**



**REMEMBER - DIAL 310-0000 TO CONTACT  
GOVERNMENT OFFICES TOLL FREE**

## **1998 Thorsby & District 4-H Beef Achievement Show & Sale**



**Thorsby Haymaker Centre  
MONDAY, MAY 25**

**Show: 10:00am**

**Sale: 5:00pm**

### **Roadside Spraying**

Leduc County will be maintaining a roadside Spraying Program again for the 1998 season. The spray is intended to reduce the spread of weeds and brush, reduce snow trap problems, aid visibility and reduce the spread of crop diseases (via volunteer control) along county roads.

Herbicides used will be determined by weather conditions, targeted vegetation and surrounding vegetation. Any landowners adjacent to a municipal road who are concerned about herbicide applications along their properties are encouraged to contact the Agricultural Services Department *prior to May 15, 1998* to participate in the Leduc County "No Spray" Program. For more information, contact the Agricultural Services Department at 955-6415.

## **Alberta Dairy Congress**



**June 3 - 5, 1998  
Leduc, AB**

### **Announcing...**

Agriculture Financial Services Corporation - Lending has produced a **'Farm Record Keeping Book'**. It is now available. The cost is \$15.00.



## 1998 Crop Projections

*prepared by George Rock, Farm Management Specialist, 986-8985*

### 1998 CROP PROJECTIONS BLACK SOIL ZONES

CROP	WHEAT	CANOLA	BARLEY	PEAS	Blend Cash	Blend 2/3 Tenant	Blend 1/3 Landlord
Bushels/Acre    Yield*	43.3	26.3	63	40			
Price/Acre       Price	\$3.76	\$7.53	\$2.57	\$4.80			
<b>A. TOTAL REVENUE</b>	<b>\$162.81</b>	<b>\$198.04</b>	<b>\$161.91</b>	<b>\$192.00</b>	<b>\$178.69</b>	<b>\$119.72</b>	<b>\$58.97</b>
<b>B. TOTAL DIRECT EXPENSES</b>	<b>\$97.56</b>	<b>\$109.59</b>	<b>\$94.97</b>	<b>\$105.78</b>	<b>\$101.97</b>	<b>\$74.48</b>	<b>\$16.57</b>
<b>C. RETURN OVER DIRECT EXPENSE (A-B) excluding rent</b>	<b>\$65.25</b>	<b>\$88.45</b>	<b>\$66.94</b>	<b>\$86.22</b>	<b>\$76.72</b>	<b>\$45.24</b>	<b>\$42.40</b>
Cash Rent	\$35.00	\$35.00	\$35.00	\$35.00	\$35.00		
<b>C1. RETURN OVER DIRECT EXPENSE (A-B-RENT)</b>	<b>\$30.25</b>	<b>\$53.45</b>	<b>\$31.94</b>	<b>\$51.22</b>	<b>\$41.72</b>	<b>\$45.24</b>	<b>\$42.40</b>
Real Estate Taxes					\$0.00	\$0.00	\$4.00
Insurance Share (landlord)							\$2.21
Depreciation	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	
<b>D. TOTAL CROP EXPENSES</b>	<b>\$152.56</b>	<b>\$164.59</b>	<b>\$149.97</b>	<b>\$160.78</b>	<b>\$156.97</b>	<b>\$94.48</b>	<b>\$22.78</b>
<b>E. RETURN TO INVESTMENT &amp; MGMT. (A-D)</b>	<b>\$10.25</b>	<b>\$33.45</b>	<b>\$11.94</b>	<b>\$31.22</b>	<b>\$21.72</b>	<b>\$25.24</b>	<b>\$36.19</b>

If risk factor is	30%	20%	20%	Risk Factors	Price
Base rate is landlord share of 1/3 crop share	<b>\$42.40</b>	<b>\$42.40</b>	<b>\$42.40</b>		Production
Cash rent for 1 or 2 years	\$29.83	\$31.96	\$34.09		Financial

\*Note: yields for wheat, barley & canola 10 year average yields for Census District #11  
 Counties of Leduc, Wetaskiwin, Parkland, Strathcona, MDs of Brazeau & Sturgeon  
 Wheat 43.3, canola 26.3, peas (no data), and barley 63

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